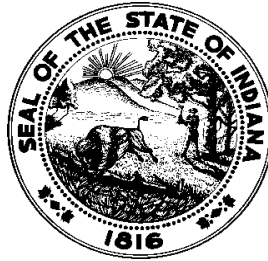


**LOCAL GOVERNMENT TAX CONTROL BOARD**



**RECOMMENDATIONS**  
**TO THE**  
**DEPARTMENT OF LOCAL GOVERNMENT FINANCE**  
**FROM**  
**FEBRUARY 23, 2006**

## **Call to Order**

Lisa Decker called the February 23<sup>rd</sup> 2006 Local Government Tax Control Board meeting to order at 8:40 am. Board members present were Dan Jones, Stan Mettler, Ken Kobe, Lisa Decker and John Stafford. Judy Robertson was the administrative officer for the meeting. Michael Dart, Legal Counsel for the Department of Local Government Finance, attended the meeting to speak about legal procedures for the Board to follow and answer questions from the Local Government Tax Control Board members.

## **Discussion**

Mike Dart: I am here to speak about procedures, to give advice and tips on issues that the Board should know. You, as a Board, are to provide an impartial review of project proposed by the different taxing units. The Commissioner can approve, modify or deny as the final action.

Some specific issues that I would like to bring up is to make sure that you allow everyone in attendance to speak. The second thing is to take enough time to thoroughly review the projects. If you do not think you have enough information, you can table the issue till the next month. The DLGF does have a time limit of three months that we can extend to six months, but that is usually not a problem.

When you make a motion, make sure it is clear. If you choose to oppose the motion and an explanation is warranted, please have your view recorded so that Melissa knows what the issue is you are opposing.

Ken: I have a question about recusing myself on certain issues. I know that whenever a client of Barnes & Thornburg is here, I should recuse myself. My question is should I recuse myself from Marion County issues since I am a resident of Marion County?

Mike: No, not necessarily. If you feel uncomfortable about the relationship with someone on the project or it could be conceived that you have a bias, then you should recuse yourself.

The next subject I have is about the quorum question. There is nothing in the code that a quorum needs to meet. There is no mention of numbers, so the number of voting members is not important. Since this is an advisory board, a quorum is whoever is in attendance.

Dan: If the remonstrance period is not completed, should we be making motions?

Mike: Not really.

Judy: Melissa has informed me that if the remonstrance period is not up by the time they come to the board meeting, that I should pull them from the agenda. That is why two of the units on today's agenda were pulled. That should not be an issue in the future.

Dan: Can you tell us the difference between moral and general obligation bonds?

Mike: I do not know what moral bonds are – I would have to research that. General obligation bonds are with the full faith and credit power of the unit, so I am guessing that moral bonds would be something less than full faith and credit power.

John: Do Tax Increment Finance bonds issued by a Redevelopment Commission go against their two percent debt limitation?

Mike: I do not know about that. I will look into it.

### **Recommendation**

Ken motioned to recommend approval of the minutes from the November 22<sup>nd</sup> 2005 local government tax control board meeting. John seconded and the motion carried 5-0. Stan motioned to recommend approval of the minutes from the December 6<sup>th</sup> 2005 local government tax control board meeting. Dan seconded and the motion carried 5-0.

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### **Franklin Township, Marion County Emergency Fire Loan**

Summary: The unit is requesting an emergency fire loan in the amount of \$1,990,000 for a term of one year in order to finance fire operations for 2006. Proceeds of the loan will be used to finance firefighter salaries, FICA, health insurance and pension payments.

Emergency Loan Calculation (based on 2006 preliminary budget amounts):

DLGF Certified Property Taxes	\$3,716,651
DLGF Certified Misc. Revenues	\$1,202,508
January 1 <sup>st</sup> Cash Balance	\$1,213,670
Total Funds Available	\$6,132,829

DLGF Certified Budget *	\$4,918,140
Encumbrances	\$451,513
Total Funds Needed	\$5,369,653

Funds Remaining: Surplus (Need)	\$763,176
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*Budget Advertised	\$7,284,575
Budget Adopted	\$7,209,575

Controlled or Uncontrolled: Controlled

Revenue Source for Property Tax Backup: N/A

Tax Rate Impact:	2006 AV	\$1,930,727,650
	Levy Needed	\$1,676,712
	Est. Tax Rate	\$.0868

Meeting and Publication Dates:

Date of publication for a public hearing	12/21/2005
Date of public hearing	01/03/2006
Resolution/Ordinance adopted	01/03/2006
Notice of Determination	01/11 & 18/2006

Auditor's Certificate of No Remonstrance:	02/21/2006
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Attendance: Tricia Leminger (Township Attorney), Debbie Civils (Franklin Township Administrator), Joe Ermert (Fire Chief), Terry Royalty (Trustee), and Eric Reedy (Financial Consultant, CPA).

**Discussion:**

Tricia: We have taken our pencil to the paper and reduced the request to \$1,434,391. The major goal is to keep the tax rate flat.

The unit presented a handout that detailed the following points:

- New housing starts and construction starts
- Housing permits increased by over 50% and were 22% of total permits issued in Marion County
- Tremendous growth in assessed value
- Increased responses and decrease in reserve staff
- The department and today's challenges
- Emergency loan request
- The loan was approved by the township board unanimously with a 7-0 vote

Questions by Board members:

Dan: I thought that the Firefighters Union negotiated the rate for all fire stations – that they have parity with all units?

Fire Chief: No, that is the problem. They negotiate with each district separately.

Stan: When are you due for another appeal?

Eric: We were just approved for an appeal that was added to this years budget; it is to be phased in over three years.

John: Are emergency loans are a part of the normal budget cycle, correct? If new legislation was passed to address this issue, then you would not need to be here, am I right?

Tricia: Exactly, there would be no need to be here every year.

Dan: Page four of the hearing information sheet says you gave a 15.4% salary increase – is that correct?

Eric: The overall increase is the 10.4% noted in the handout. The 15% was based on just one position that I had information on at that time – the battalion chief.

Ken: On page 18 of your handout, does the 2006 column add up to the \$7.2 budget amount? Do you know what the percentage increase from 2005 is?

Eric: There was an overall increase of twelve percent.

John: Has your population increased?

Fire Chief: The 2000 census had the population at 22,000; the estimated 2006 number is 55,000. We currently have 79 additional subdivisions under construction. Our infrastructure is a part of the problem also; it is not keeping up with the growth.

Ken: Is the \$274,000 in health insurance benefits locked in by contract?

Debbie: The insurance has increased by as much as 35% in recent years. We have budgeted enough to cover the worst case scenario – which is every firefighter needing family coverage. We have maintained the same plan for the last three years, only increasing the deductible.

Dan: Page 17 shows a transfer of \$75,000 to Rainy Day – is that for this year?

Eric: That is a transfer from last year's budget that we transferred in January. As you know, most of the Marion County units experienced a shortfall last year and nobody seems to know why.

Dan: Is all the growth residential?

Fire Chief: Yes, we are the only township in Marion County that had zero permits issued for industrial or commercial construction.

Dan: Do you know the trend of the tax rate?

Eric: I don't have that information with me, but it has increased a little. It has stayed pretty level the last few years.

**Recommendation:**

Ken motioned to recommend approval of an emergency fire loan in the amount of \$1,434,391. John seconded and the motion carried 4-1. Stan opposed the motion because of the transfer of \$75,000 to the Rainy Day Fund; he thinks the loan amount is too high.

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**Noblesville Redevelopment Authority, Hamilton County  
Lease Financing**

Summary: The unit is requesting approval to execute a lease with the Noblesville Redevelopment Commission in the amount of \$22,605,000 with annual lease payments of \$1,800,000 for a term of twenty-five years. The project is to make infrastructure improvements to support commercial development in the Town Center Area of Noblesville.

Controlled or Uncontrolled:

Uncontrolled because the unit is requesting property tax back-up consideration only.

Revenue Source for Property Tax Backup:

TIF revenue.

Tax Rate Impact:	\$2,110,798,844	2006 AV
	\$1,656,000	Levy Needed
	.0785	Est. Tax Rate

Meeting and Publication Dates:

Date of publication for a public hearing	N/A
Date of public hearing	N/A
Resolution/Ordinance adopted	02/10/06
Notice of Determination	N/A

Auditor's Certificate of No Remonstrance: N/A

Common Construction Wage: Missing

Fire Marshall's Approval: N/A

Missing Information:

Common Construction Wage

Attendance: Lucy Emison (Bond Counsel with Ice Miller), Tom Crowley (Gershman Brown), John Ditslear (Mayor), Rick Conner (American Consulting, Inc.), Kevin Jump (City employee), Michael Howard (City Attorney), Chris Hamm (City employee), Kelly McNairy (City Securities Corp.), Randy Ruhl (City Securities, Inc.), Brian Colton (Financial Advisor with H.J. Umbaugh), Matt Eckerle (Financial Advisor with H.J. Umbaugh).

### Discussion:

Mayor: The purpose of this project is to provide public infrastructure, about 950,000 square feet to a 100-acre site we have purchased for an open air market. The request involves fifteen acres of right-of-way, one and a half miles of new road, and a public drainage system. The open air center is scheduled to open right before Christmas of 2007. It represents private investment of over \$100 million and will produce over 3,000 new jobs. The bond payment is guaranteed by the developer. There have been several favorable news articles about the project and the Council approved the lease unanimously. I will now turn it over our attorney, Mike Howard.

Mike: This center will be 950,000 square feet and in comparison, Clay Terrace is 550,000 square feet. It has been negotiated over the last six months. **The City will pay for the infrastructure and will how the bonds will be paid.** This is a property tax back-up; we will be using TIF revenue to make the bond payments. Two things must occur before we can issue the bonds: 1) The developer will take title to the 100 acres and 2) the developer will provide a first mortgage lien to the City to pay for the bonds. The developer will be closing on the land in the next few months. There is one economic development area with two TIF districts. The first TIF area was backed by COIT in the amount of \$8 million that was used to purchase the 100 acres, the drainage area and for a retention pond. Some of the money from this bond issue will be used to pay off the COIT debt. All debt will be reimbursed by the TIF areas. The retail center will bring growth in the surrounding area.

Questions by Board members:

Dan: How big is the TIF area?

Mike: If you look at this map, all the area in blue is the existing TIF, the area in pink is the second, newly formed TIF area. Drainage here is a major problem. From this northeast area to the southwest area, there is a five foot drop.

Dan: Are the TIF districts overlapping?

Mike: It is actually a sub-area. The second TIF surrounds the first one.

Ken: How is the \$18 million going to be used?

Mike: Fifteen acres of right-of-way, 118 acres of bottom land including a seven acre fill area, wetlands mitigation, etc. With both projects together, there will be 238 acres of land purchased.

Ken: So half of it is for right-of-ways and the rest for drainage and a retention pond?

Mike: That is good summary. The drainage area is five and a half acres.

Ken: What is the line item early action reimbursement?

Mike: To reimburse expenses that has already occurred in order to start the project. Those expenses will be covered by the TIF revenue.

Ken: What part of this project is taxable?

Mike: We showed in the hearing information sheet at \$2 ½ million. If we are able to issue the bonds as tax exempt, it will save us about 55 points. We are hoping that the entire issue will be tax exempt.

John: What was the basic guideline to determine what the City would do and what the developer would do?

Mike: The boilerplate language is modeled after Clay Terrace. The rest was give and take. The purpose was to make this project self-funded.

John: What will be the benefit to the taxpayer?

Mike: It is a chicken-and-egg concept. If you wait for the growth to occur, the process would be slow. We are hoping that by completing this project, that it will spur growth in the surrounding area.

Lisa: I know you would like to see 100% occupancy at the time of opening, but what is a more real expectation?

Mike: 75% to 80%, which will stabilize over two years.

Ken: Have the anchor tenants been identified yet?

Mike: Not yet, not until the project is approved. The developer knows, but he is not saying yet.

Stan: Does the City limits go out as far as I69?

Mayor: They do now, and even a little beyond.

Stan: How does this project differ from Hamilton Crossings?

Mike: That was a County TIF area that was done by a developer going out on his own. It failed after a couple of years. Our plan is by a well-known developer with a lot more experience and know-how.

Ken: What will be the impact on the City's budget as related to police and fire protection?

Mayor: There will be some increase, but the revenue from the area will offset the cost. We will not be coming back for an operating expense increase. Our budget can handle it.

Dan: The \$365,000 is for bond insurance for the first mortgage?

Lucy: Our bond rating is at an A+ right now, by paying this premium up front, it will increase our rating to a Triple A and provide a benefit in interest costs. It is a purely economic decision.

**Recommendation:**

Stan motioned to recommend approval of property tax back up for the TIF area with maximum annual lease rental payments in the amount of \$1,800,000 for a term of twenty-five (25) years. John seconded and the motion carried 5-0.

**Noblesville Redevelopment Authority, Hamilton County  
Lease Financing**

Summary: The unit is requesting approval to execute a lease with the Noblesville Redevelopment Commission in the amount of \$42,896,500 with annual lease payments in the amount of \$3,750,000 for a term of twenty-five years. The project consists of land acquisition and road improvements along 146<sup>th</sup> Street in Noblesville.

Controlled or Uncontrolled: Controlled

Revenue Source for Property Tax Backup: N/A

Tax Rate Impact:	\$2,110,798,844	2005 AV
	\$3,450,000	Levy Needed
	.1634	Est. Tax Rate

Meeting and Publication Dates:

Date of publication for a public hearing	12/13/05
Date of public hearing	12/23/05
Resolution/Ordinance adopted	12/23/05
Notice of Determination	12/27/05

Auditor's Certificate of No Remonstrance: 01/30/06

Common Construction Wage: N/A because this is an INDOT project.

Attendance: Lucy Emison (Bond Counsel with Ice Miller), John Ditslear (Mayor), Rick Conner (American Consulting), Chris Hamm (City employee), Steve Passey (United Consulting Engineers), Dave Richter (United Consulting Engineers), Greg Wendling (USI), Joel Thurman (County Highway Dept.), Kevin Jump (City employee), Michael Howard (City Attorney), Kelly McNairy (City Securities Corporation), Randy Ruhl (City Securities Corporation), Brian Colton (Financial Advisor with H.J. Umbaugh), and Matt Eckerle (Financial Advisor with H.J. Umbaugh).

**Discussion:**

Mayor: The purpose of this project is a 5-mile extension of 146<sup>th</sup> Street all the way to I69 near exit 10. This is the last major east/west thoroughfare in Hamilton County to be upgraded. The first phase of the project was an 8-mile, \$55 million expansion from Spring Mill Road to SR37. It involves purchasing 120 acres of right-of-way, 60 acres of drainage and a 70 acre retention pond. The project began back in 1998 and in 2002, INDOT began the relinquishment process to turn over the land to us. We have obtained \$12 million in federal grant, and will possibly receive more. This expansion will create retail, commercial and residential growth for the City.

Mike: Both projects were unanimously approved by the council. There is a need for this east/west corridor. This is the last section to be completed. COIT has decreased so the City is stepping in to see the project finished. This is a complicated project with a lot of inter-local agreements and cooperation, including the State, INDOT, and Federal DOT. Of the original \$9 million received from the relinquishment of SR238, \$7



million will be used for this project; \$3 million was received in 2005 from federal funds, with another \$3 million to be received this year, and INDOT is contributing \$5 ½ million. The bonds will be issued by the Redevelopment Authority and INDOT will award the contract for the road improvements. The County has issued a total of \$55 million in COIT bonds for another segment of this project.

Questions from Board members:

Dan: Will this pay off the \$8 million COIT bonds from the first TIF area?

Mike: Part of it will pay off those bonds, but most of it will be for actual construction.

Mike: If you will turn to page 12, you will see an amortization schedule that includes the federal funding and TIF revenue. If all these come together as estimated, we will need a tax rate for only about three or four years with the highest tax rate of a little over six cents. Most of the Corporate Campus will be for retail, commercial and industrial use, with a few pockets of residential areas. We estimate a twenty percent growth in assessed value once completed. The debt service in 2008 and 2009 is considerably less because of the federal funds we are anticipating. The total impact on the taxpayers is less than \$4 million. The 6.72 cent tax levy relates to about \$150 per year, or a three percent increase in taxes on a \$200,000 home. Our purpose is to create a spine for growth for the next fifty years. Our goal is to create jobs. Right now, we are just waiting on a FONSI (Found With No Significant Impact) from the federal government to begin the project.

John: Have you already put the zoning in place?

Answer: Yes, 90% of this area on the map has already been annexed.

Mayor: Our population has grown from 20,000 in 2000 to 39,350 in 2005 during a special census.

John: Are all the TIF areas within the City limits?

Mike: Yes, since 1998 when we entered into inter-local agreements.

Ken: What are the basic sources and uses of the financing - construction, some landscaping and a nature trail?

Mike: Yes.

Ken: What is the worst case scenario tax rate impact?

Lisa Lee: Eighteen cents and that is assuming no more federal money and no TIF revenue. It is six cents assuming federal money and TIF revenue.

John: Did the County issues its' \$55 million COIT bonds in anticipation that Noblesville would complete the eastern part?

Mike: No, I don't think so.

John: There has been no remonstrance or objections?

Mike: None.

Dan: Have you had to use eminent domain?

Mayor: Oh yes, at least the threat of it. There has been a lot of land speculation around the development. An acre last year was \$35,000 and this year it is \$50,000.

Dan: On page six you list of couple of outstanding debt issues – are any of them associated with these two projects?

Mike: Yes, the Corporate Campus issue.

**Recommendation:**

John motioned to recommend a lease with maximum annual lease rental payments in the amount of \$3,750,000 for a term not to exceed twenty-five (25) years. Ken seconded and the motion carried 5-0.

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**Montpelier Redevelopment Authority, Blackford County  
Lease Financing**

**Summary:** The unit is requesting approval to execute a lease with the Montpelier Redevelopment Commission in the amount of \$1,000,000 with annual lease payments of \$110,000 for a term of twenty-two years. The total project cost is \$2,050,000. The project consists of infrastructure and utility improvements to water lines, sewers, drainage system, and roads and the renovation at the Henderson lift station in order to promote economic development in the City's Industrial Park.

**Controlled or Uncontrolled:**

Uncontrolled because the debt portion of the project does not exceed \$2,000,000.

**Revenue Source for Property Tax Backup:**

Combined County and City EDIT funds.

<b>Tax Rate Impact:</b>	\$46,921,660	2006 AV
	\$101,200	Levy Needed
	.2157	Est. Tax Rate

**Meeting and Publication Dates:**

Date of publication for a public hearing	N/A
Date of public hearing	N/A
Resolution/Ordinance adopted	Complete
Notice of Determination	N/A

**Auditor's Certificate of No Remonstrance:** N/A

**Common Construction Wage:** N/A because it is a federal project

**Attendance:** Jim McPherson (Mayor), Dennis Clouse (Clerk/Treasurer), Barry Elinger (Engineer), Kathy Bantz (Auditor), Lisa Lee (Bond Counsel with Ice Miller), Jason Semler (Financial Advisor with H.J. Umbaugh), and Ryan Usher (Financial Advisor with H.J. Umbaugh).

**Discussion:**

There has been no kind of economic growth as far as industrial in quite some time. In 2001-2002 we acquired 106 acres to create an industrial park. We acquired a grant from the Economic Development Administration that has a 50/50 match. We have also entered into an inter-local agreement with the County on a 90% County/10% City to use EDIT revenue to fund the project.

Questions from Board members:

John: Is this a property tax back-up request?

Mayor: It is a lease with the Redevelopment Authority; the lease will be paid by bonds with a back-up.

Ken: This is a grant from U.S. EDA funds?

Mayor: Yes.

Stan: Is this park specifically for industrial use?

Mayor: Yes.

Ken: Do you have a plan to market the park?

Mayor: The City economic development department has a plan to market it. When the Governor went over to Japan, our representative went with him to talk to the Japanese. We think there is some interest there.

Ken: I have no other questions – it looks pretty straight forward to me.

**Recommendation:**

Ken motioned to recommend approval of a lease with maximum annual lease payments in the amount of \$110,000 for a term of twenty-two (22) years. Stan seconded and the motion carried 5-0.

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